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SIPDIS

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SUBJECT: WITH A WARY EYE ON RUSSIA AND THE MIDDLE EAST,
ITALY CONSIDERS ENERGY SELF-SUFFICIENCY

Classified By: Ambassador Ronald Spogli for Reasons 1.4 (b) and (d)

11. (SBU) Summary. Italy's Productive Activities Minister says Italy and the EU are too dependent on Russian energy, and that truly developed countries should be self-sufficient in energy. Italy is actively pursuing alternative energy sources, such as biomass fuel, hydrogen energy, and solar power. Minister Claudio Scajola criticized recent statements by Iranian President Ahmadinejad and noted U.S. policies have led to positive changes in the Middle East. The Minister, a close political ally of Prime Minister Berlusconi, hopes for continued cooperation with the United States on a broad range of issues, including the F-35 Joint Strike Fighter. End summary.

Urban Energy Farm

12. (SBU) Scajola told the Ambassador December 21 that he is "totally preoccupied with the cost of energy." He said he is actively pursuing alternative energy sources, such as biomass fuel, hydrogen energy, and solar power. Later this month, he will inaugurate a solar energy farm on the roof of his ministry in Rome, to promote solar power. Scajola emphasized that Italy must join G-8 countries that have taken a second look at nuclear power, which he described as climate-friendly energy.

13. (C) On energy security, Scajola said Italy is too dependent on Russian oil, "but better to depend on the Russians than the Middle East." Scajola sees this dependency as an EU problem, with "Europe as a whole overly-dependent on Russian energy." Scajola said "truly developed countries must be independent in energy."

Optimistic on the Middle East, not Saudi Arabia, Iran

14. (C) The Ambassador thanked Scajola for Italy's support in the Global War Against Terrorism, and pointed specifically to Italian troop deployments in Iraq and Afghanistan. Scajola responded that U.S. Middle East policy has positively changed the region. "Iraq is much better than before." He expressed hope that the outcome of Iraq's December 15 elections will be a unified government, not divided along ethnic lines. "We don't want Iraq to dissolve."

15. (C) Scajola, who recently returned from Saudi Arabia, commented that the Kingdom must still open its society. He noted that Saudi Arabian society is not as open as others in the region, such as Lebanon, and expressed concern that lack of openness could lead to political instability and insecurity in the energy supply.

Concerned about Israeli Military Action

16. (C) Scajola pointed to Iran's WMD pursuit and Iranian President Mahmoud Ahmadinejad's denial of the holocaust and anti-Israel statements as further reasons for concern. Scajola expressed hope that Ahmadinejad's electoral victory was a result of low turnout among moderate Iranians and that, by extension, his statements do not reflect the views of the silent majority. Scajola said that Italian businessmen had urged the GOI to continue to allow Italian firms to engage customers in Iran.

17. (C) Noting that "the solution to challenges posed by Iran is not military," Scajola claimed that a major problem in the region is that Israel may choose to take matters into its own hands, to the detriment of the entire region. Scajola did express admiration for Israeli Prime Minister Sharon, and condemned Palestinian suicide bombers as symbolic of economic despair. He views economic growth and Palestinian development as a palliative to relations between Israeli and Palestinians.

EU Budget Deal a Win For Italy; EU Generational Divide

18. (C) Scajola said the recent EU budget agreement was a win for Italy and important for the EU's future. He commented that many citizens, especially the young, view the EU as part of "the myth of Europe." His generation, which remembers the effects of World War II, the Prague uprising,

and President Kennedy's solidarity with Europe, still retains "the idealism of Europe." The younger generation does not appreciate the advantages of the EU, in part, because young people are not familiar with the dangers of a divided Europe. "In the past, many wars started within Europe." That said, Scajola admitted that EU bureaucracy "is a brake" on economic dynamism.

U.S. - Italy Relations

19. (SBU) Throughout the meeting, Scajola took lengths to express Italian solidarity with the United States on energy policy, the Middle East, foreign policy generally, and defense policy. In his view, the U.S. - Italy relationship is one of historic collaboration. Scajola expressed hope for continued collaboration on energy policy and in aerospace, especially through the Joint Strike Fighter program to which Italy has committed over one billion dollars.

Italian Elections

10. (U) Scajola closed with an analysis of the April 2006 national elections. Admitting that "we'll know more in a month," Scajola unsurprisingly predicted a victory for his center-right coalition. Scajola said the key issue in the election is the economy, which depends upon highways, railways, and energy to grow. These issues help the right because they create "divisions in the house" of the center-left, especially between the pragmatic centrists, who understand the need for a reliable infrastructure and a secure energy supply, and members of the "no-global" movement and environmentalists.

Comment

11. (U) Scajola was well-informed, candid, and eager to engage the United States on a variety of political and economic issues. Regardless of the outcome of April's elections, Scajola's keen mind and engaging personality ensure that we will continue to seek opportunities to hear his views on issues of mutual concern or interest. Scajola will travel to the United States before July, which will give us the opportunity to have him meet Washington policy-makers to reinforce his positive disposition toward us.

Biographical Note

12. (U) A biography of Minister Scajola can be found on Embassy Rome's SIPRNET site, <http://www.state.sgov.gov/p/eur/rome>. Scajola is an avid outdoorsman who enjoys hiking in the Dolomites, near his home. He is married with two children. He and his family recently returned from a vacation in the Libyan desert, which he described as "the most beautiful in the world," and "a great place to go if you don't want to see other people." SPOGLI